

[REDACTED]

APR - 7 1997

Employer Identification Number: [REDACTED]
Key District: [REDACTED]
Form: 1120
Tax Years: 1993 and subsequent years

Dear Applicant:

This letter constitutes a final adverse ruling with respect to your claim of exemption from federal income taxation under section 501(c)(15) of the Internal Revenue Code.

We make our ruling for the following reason(s):

You do not qualify under section 501(c)(15) of the Code because (i) you are not an insurance company as defined by section 1.801-3(a)(1) of the regulations since you do not meet either of the two prongs of the LeGierse test, "risk shifting," and "risk distribution;" (ii) you and [REDACTED] are controlled corporations within the meaning of section 1563(a) of the Code, and since [REDACTED] is your only "insured" party, this arrangement resembles the self-insurance arrangement described in Rev. Rul. 77-316,; and (iii) since [REDACTED] could have obtained insurance from a [REDACTED] non-admitted carrier, you are like the organization that was the subject of the Malone & Hyde case.

The Code and the regulations issued thereunder require that you file federal income tax returns. Based upon the financial information that you furnished, you should file returns on the form and for the tax years indicated above within 30 days from the date of this letter with your key District Director for exempt organization matters, shown above, unless you request and your key District Director grants an extension of time to file the returns. You should file returns for later tax years with the appropriate service center indicated in the instructions for those returns.

[REDACTED]
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If you have any questions concerning the reasons for this ruling, please contact the person whose name and telephone number appear in the heading of this letter. You should address questions concerning the filing of returns to your key District Director.

Sincerely,

[REDACTED]
[REDACTED]
[REDACTED]

cc: [REDACTED]
Attn: EO Group

cc: [REDACTED]
[REDACTED]

[REDACTED]
[REDACTED]
3/25/97

[REDACTED]
[REDACTED]
4/4/97